

Assembly Bill No. 103

Passed the Assembly May 17, 2012

Chief Clerk of the Assembly

Passed the Senate May 7, 2012

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2012, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 14041.75 to the Education Code, and to amend Sections 16325, 16325.5, 16326, and 16428 of, and to repeal Section 16324 of, the Government Code, relating to state cash resources, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 103, Committee on Budget. State cash resources.

(1) Existing law requires the Controller to draw warrants on the State Treasury in each month of each year in specified amounts for the purpose of funding, among other entities, charter schools and school districts. Existing law defers the drawing of those warrants, as specified, but, commencing with the 2010–11 fiscal year, authorizes the payment of up to \$100,000,000 of funds that would otherwise be deferred for the month of June under certain conditions. Existing law limits the amount that a charter school or school district may receive under this provision to no more than the lesser of the total amount of additional funds necessary for the charter school or school district to meet its financial obligations for the month of June, as specified, or the total payments that charter school or school district is entitled to receive in July for the prior fiscal year.

This bill, for the 2011–12 fiscal year only, instead would limit the amount that a charter school or school district may receive under this provision to the amount of additional funds necessary for the charter school or school district to meet its financial obligations for the month of June, as specified.

(2) Existing law, until September 1, 2012, declares the need for an effective cash management program for the 2010–11 and 2011–12 fiscal years, and exempts activities to implement and carry out the cash management plan from the Administrative Procedure Act.

This bill would extend these provisions through the 2012–13 fiscal year.

(3) Existing law, for the 2010–11 and 2011–12 fiscal years, prohibits payments made by the state to the University of California

and the California State University from exceeding $\frac{1}{12}$ of the annual appropriation for each month from July through April.

This bill would extend that prohibition through the 2012–13 fiscal year and would exclude from the prohibition transfers and rental payments that support lease-revenue bonds.

(4) Existing law, until September 1, 2012, enacts the cash management plan to authorize the Controller, Treasurer, and Director of Finance to defer General Fund payments for up to 60 or 90 days, as specified, for specific entities, including county offices of education, public schools, and charter schools, subject to certain conditions. Existing law provides a process by which county offices of education, public schools, and charter schools may receive payments that would otherwise be deferred, permits those entities to apply for a hardship waiver even if earlier payments were deferred. Existing law prohibits the total amount of deferrals to school districts, county offices of education, and charter schools from exceeding \$2,500,000,000 at any given time and requires the Controller, Treasurer, and Director of Finance to determine and jointly provide a written declaration of the amounts and timing of payment deferrals for the 2010–11 fiscal year to the Legislature and to the State Department of Education, and requires the State Department of Education to provide this information to school districts, county offices of education, and charter schools no later than March 31, 2010.

This bill would eliminate the limit of \$2,500,000,000 in deferrals to school districts, county offices of education, and charter schools. The bill would, for the 2012–13 fiscal year, provide for deferrals and repayment of those deferrals for kindergarten to grade 12, inclusive, and would provide that a county office of education, a charter school, or a school district may receive scheduled payments from the Controller if payments are deferred and a certification is made on or before June 1, 2012, that the deferral of warrants will result in the county office of education being unable to meet its expenditure obligations for the time period in which payments are deferred, as specified. The bill would also provide a process for a county office of education, a charter school, or a school district to seek a hardship waiver for the March 2013 deferral.

The bill would also require payment of the March 2013 deferral to the county offices of education, school districts, and charter schools to be made no later than April 29, 2013.

(5) Existing law requires the Controller, subject to the approval of the Department of Finance, to pay the full amount of the apportionment payments for March 2010 for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before March 15, 2010, that a deferral of payment would present an imminent threat to the fiscal integrity and security of the community colleges.

This bill would, for the 2012–13 fiscal year, require the deferrals of apportionments to community college districts in the amounts of \$150,000,000 to be made from July to December, \$50,000,000 to be made from September to January, and \$100,000,000 to be made from October to January. The bill would require the Controller to issue warrants that include the full apportionment of payments for the months of July, September, or October, or any combination of those months, for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before June 1 of the preceding fiscal year that deferral of warrants will present an imminent threat to the fiscal integrity and security of the community college.

This bill would also repeal obsolete provisions regarding the deferral of certain payments.

(6) Existing law requires all money received by the state as litigation deposits, except as specified, to be deposited in the Litigation Deposits Fund in the State Treasury. Existing law authorizes the investment and reinvestment of those funds and requires all revenues earned from the investment or deposit of fund moneys to be deposited in the fund. Existing law charges the Department of Justice with control of the fund, as specified.

This bill would authorize the Controller to use money in the fund for cashflow loans to the General Fund, as specified.

(7) Existing law establishes a system of public elementary and secondary schools in this state. This system of public elementary and secondary schools is funded through, among other means, the apportionment of state funds by the Superintendent of Public Instruction to local educational agencies in accordance with statutory formulas and the receipt of property tax revenues by those local educational agencies.

This bill would require the Superintendent of Public Instruction to delay the 2nd principal apportionment for the 2011–12 fiscal year from July 2, 2012, to July 15, 2012, to account for additional local property tax revenues remitted to school districts and county offices of education pursuant to a specified statute. The bill would require each county auditor-controller to provide the Superintendent of Public Instruction by June 10, 2012, with a report detailing the amount of additional property tax received pursuant to this specified statute by each school district and county office of education in their respective jurisdictions, thereby imposing a state-mandated local program.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(9) This bill would appropriate \$1,000 from the General Fund to the Controller for administrative costs associated with this bill.

(10) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 14041.75 is added to the Education Code, to read:

14041.75. (a) Notwithstanding Section 14041.7, for the 2011–12 fiscal year only, up to one hundred million dollars (\$100,000,000) of the amount of the warrants for the principal apportionments for the month of June, that are instead to be drawn in July pursuant to Section 14041.5, may be drawn in June, subject to the approval of the Director of Finance, for a charter school or school district as follows:

(1) In order for a charter school to receive a payment in June pursuant to this section, the chartering authority, in consultation with the county superintendent of schools, shall certify to the Superintendent and the Director of Finance on or before April 1

that the deferral of warrants pursuant to Sections 14041.5 and 14041.6 will result in the charter school being unable to meet its financial obligations for June and shall provide the Superintendent an estimate of the amount of additional funds necessary for the charter school to meet its financial obligations for the month of June.

(2) In order for a school district to receive a payment in June pursuant to this section, the county superintendent of schools shall certify to the Superintendent and to the Director of Finance on or before April 1 that the deferral of warrants pursuant to Sections 14041.5 and 14041.6 will result in the school district being unable to meet its financial obligations for June and shall provide the Superintendent an estimate of the amount of additional funds necessary for the school district to meet its financial obligations for the month of June.

(3) The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certification specified in paragraph (2).

(4) A charter school or school district may receive, pursuant to this section, no more than the amount of additional funds necessary for the charter school or school district to meet its financial obligations for the month of June, as reported to the Superintendent pursuant to paragraph (1) or (2).

(b) If the total amount requested by charter schools and school districts pursuant to paragraph (4) of subdivision (a) exceeds one hundred million dollars (\$100,000,000), the Controller, Treasurer, and Director of Finance may authorize additional payments to meet these requests, but total payments to charter schools and school districts pursuant to this section shall not exceed three hundred million dollars (\$300,000,000). No later than May 1, the Controller, Treasurer, and Director of Finance shall determine whether sufficient cash is available to make payments in excess of one hundred million dollars (\$100,000,000). In making the determination that cash is sufficient to make additional payments, in whole or in part, the Controller, Treasurer, and Director of Finance shall consider costs for state government, the scope of any identified cash shortage, timing, achievability, legislative direction, and the impact and hardship imposed on potentially affected programs, entities, and related public services. The Department of Finance shall notify the Joint Legislative Budget

Committee within 10 days of this determination and identify the total amount of requests that will be paid.

(c) If the total amount of cash made available pursuant to subdivision (b) is less than the amount requested pursuant to paragraph (4) of subdivision (a), payments to charter schools and school districts shall be prioritized according to the date on which notification was provided to the Superintendent and the Department of Finance.

(d) Payments pursuant to this section shall be made no later than June 20.

(e) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

SEC. 2. Section 16324 of the Government Code is repealed.

SEC. 3. Section 16325 of the Government Code is amended to read:

16325. (a) An effective cash management plan is needed for the 2010–11, 2011–12, and 2012–13 fiscal years to address General Fund cash shortages that otherwise may occur during the fiscal year. The goals of the cash management plan described in this section are to accomplish the following:

(1) Increase the state’s ability to address cash shortages in a quick and responsible manner.

(2) Address rating agencies’ and bond markets’ concerns regarding the state’s ability to react effectively to cashflow pressures while providing a higher level of certainty to bondholders.

(3) Preserve external borrowing capacity and affordability for the state’s infrastructure programs.

(4) Provide a higher level of predictability to affected programs and entities where deferrals or delays are required.

(b) Nothing in this section or in Sections 16325.5 and 16326 shall be construed to affect in any way the timing or amount of payments of state payroll or to affect in any way any judicial proceeding related to the timing or amount of state employee compensation. Nothing in this section, Section 16325.5, or Section 16326 shall be construed to authorize the delay of debt service payments, rental payments that support lease-revenue bonds, reimbursements to local governments for certain reductions in ad valorem property taxes, as required by Section 25.5 of Article XIII of the California Constitution, or required payments for borrowings secured by these repayment obligations, payments required under a Funds Transfer Cooperative Agreement that are pledged to pay debt service on state payment acceleration notes that were issued to finance toll bridge seismic retrofit and replacement projects, payments appropriated in any year to pay a court judgment pursuant to the settlement agreement in *Paterno v. State* (2003) 113 Cal.App.4th 998, or payments to small vendors as defined in the California Prompt Payment Act (Chapter 4.5 (commencing with Section 927) of Part 3 of Division 3.6 of Title 1). Nothing in this section, Section 16325.5, or Section 16326 shall be construed to affect the applicability of interest, late payment penalty, and similar payment requirements under the California Prompt Payment Act when payments to persons or entities specified in those laws are delayed.

(c) Deferrals authorized in the cash management plan described in this section and in Sections 16325.5 and 16326 are in addition to any payment delays, payment deferrals, or payment schedules specified in other laws. Deferrals authorized in the cash management plan described in this section and in Sections 16325.5 and 16326 do not replace, remove, or alter any previously implemented payment delays or payment deferrals.

(d) Activities by the Controller, Treasurer, and Director of Finance to implement and carry out the cash management plan described in this section and Sections 16325.5 and 16326 are hereby exempted from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3).

(e) This section shall become inoperative on September 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014,

deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 4. Section 16325.5 of the Government Code is amended to read:

16325.5. (a) Notwithstanding any other law, and to the extent not prohibited by federal law or the California Constitution, in order to effectively manage state cash resources, the 2010–11, 2011–12, and 2012–13 General Fund payments projected to be made for the programs or departments listed in subdivision (b) shall be deferred in the months of July, October, and March, in whole or in part for no more than 60, 90, and 60 days, respectively, unless otherwise specified in Section 16326. Nothing in this section shall be construed to authorize the deferral of state payroll, debt service, or rental payments that support lease-revenue bonds.

(b) The departments and programs subject to subdivision (a) are as follows:

(1) Supplementary Security Income/State Supplementary Payments made by the State Department of Social Services to the federal government.

(2) Local government social services payments.

(c) Prior to implementing each of the payment deferrals identified in subdivision (b) and other provisions of the act adding this section, the Controller, Treasurer, and Director of Finance shall jointly review and compare the actual General Fund receipts and disbursements with the receipts and disbursements contained in the most current published cashflow projections. If the Controller, Treasurer, and Director of Finance determine sufficient cash is available to make scheduled payments, in whole or in part, through the 60- or 90-day period or other period specified in law, including the payments otherwise subject to deferral identified in subdivision (b), and maintain a prudent cash reserve, the Controller shall make the deferred payment, in whole or in part, as originally scheduled or within the time provided for by law. In making the determination that cash is sufficient to make the payments, the Controller, Treasurer, and Director of Finance shall also consider costs for state government, the scope of any identified cash shortage, timing, achievability, legislative direction, and the impact and hardship imposed on potentially affected programs, entities, and related public services. The Department of Finance shall notify

the Joint Legislative Budget Committee of this action within 10 days of making this determination.

(d) In the event payments are deferred pursuant to subdivision (a) or other provisions of the act adding this section, beginning July 1 of the appropriate fiscal year, the Controller, Treasurer, and Director of Finance shall review on a monthly basis, or as necessary, the actual General Fund cash receipts and disbursements in comparison to the receipt and disbursement projections associated with the Governor's most current cashflow statements. If the Controller, Treasurer, and Director of Finance determine sufficient cash is available to make payments otherwise deferred for the 60- or 90-day period or other period specified in law, including the payments otherwise subject to deferral identified in subdivision (b) or other provisions of the act adding this section, and maintain a prudent cash reserve, the Controller shall make the deferred payments, in whole or in part, as soon as feasible unless otherwise provided in Section 16326. In making the determination that cash is sufficient to make the payments, in whole or in part, the Controller, Treasurer, and Director of Finance shall also consider costs for state government, the scope of any identified cash shortage, timing, achievability, legislative direction, and the impact and hardship imposed on potentially affected programs, entities, and related public services. The Department of Finance shall notify the Joint Legislative Budget Committee within 10 days of this determination and identify the date upon which the payments were made or will be made.

(e) Upon concurrence of the Controller, Treasurer, and Director of Finance, deferrals authorized pursuant to subdivision (a) or other provisions of the act adding this section may be moved forward to the prior month or delayed to the subsequent month. Any changes may be authorized no sooner than 30 days after notification in writing by the Department of Finance to the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine. In the event cash is available to make the payments earlier than identified in the notification, as determined by the Controller, Treasurer, and Director of Finance, the Department of Finance shall notify the Joint Legislative Budget Committee within 10 days of making this determination.

(f) This section shall become inoperative on September 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 5. Section 16326 of the Government Code is amended to read:

16326. (a) Notwithstanding any other law, except as otherwise specified in Sections 16325 and 16325.5, cash deferrals specified in Sections 16325 and 16325.5, as amended by the act amending this section, shall be limited, as follows:

(1) For the 2011–12 fiscal year, deferrals for kindergarten to grade 12, inclusive, and repayment of those deferrals, shall be scheduled as follows: One billion four hundred million dollars (\$1,400,000,000) shall be deferred in both July and August of 2011. Two billion four hundred million dollars (\$2,400,000,000) shall be deferred in October 2011. Seven hundred million (\$700,000,000) of the July 2011 deferral shall be paid in September 2011, and four billion five hundred million dollars (\$4,500,000,000) shall be paid in January 2012 for the remaining July, August, and October 2011 deferrals. One billion four hundred million dollars (\$1,400,000,000) shall be deferred in March 2012 and paid entirely in April 2012. The State Department of Education shall inform school districts, county offices of education, and charter schools of the amounts and timing of payment deferrals for the 2011–12 fiscal year. This declaration shall be provided no later than April 15, 2011. It is the intent of the Legislature that the advance principal apportionment payment due in July be deferred as a part of the July 2011 deferral and that the advance principal apportionment payment due in August be deferred as a part of the August 2011 deferral.

(A) Subject to the approval of the Director of Finance, in order for a county office of education to receive scheduled payments from the Controller if payments are deferred, the Superintendent of Public Instruction shall certify that the deferral of warrants will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Director of Finance of this fact on or before June 1, 2011. Subject to the approval of the Director of Finance, a county office of education that did not receive

payments for July 2011, August 2011, and October 2011 may seek a hardship waiver to receive scheduled payments from the Controller if payments are deferred in March 2012. To apply for a hardship waiver, the Superintendent of Public Instruction shall certify that the deferral of March 2012 warrants will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Director of Finance of this fact on or before January 5, 2012. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certifications specified in this subparagraph.

(B) Subject to the approval of the Director of Finance, in order for a charter school to receive scheduled payments from the Controller if payments are deferred, the chartering authority, in consultation with the county superintendent of schools, shall certify that the deferral of warrants will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Superintendent of Public Instruction and the Director of Finance of this fact on or before June 1, 2011. Subject to the approval of the Director of Finance, a charter school that did not receive payments for July 2011, August 2011, and October 2011 may seek a hardship waiver to receive scheduled payments from the Controller if payments are deferred in March 2012. To apply for a hardship waiver, the chartering authority, in consultation with the county superintendent of schools, shall certify that the deferral of March 2012 warrants will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Superintendent of Public Instruction and the Director of Finance on or before January 5, 2012. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certifications specified in this subparagraph.

(C) Subject to the approval of the Director of Finance, in order for a school district to receive scheduled payments from the Controller if payments are deferred, the county superintendent of schools shall certify to the Superintendent of Public Instruction and the Director of Finance on or before June 1, 2011, that the

deferral of warrants will result in the school district being unable to meet its expenditure obligations for the time period during which warrants are deferred. Subject to the approval of the Director of Finance, a school district that did not receive payments for July 2011, August 2011, and October 2011 may seek a hardship waiver to receive scheduled payments from the Controller if payments are deferred in March 2012. To apply for a hardship waiver, the county superintendent of schools shall certify to the Superintendent of Public Instruction and to the Director of Finance on or before January 5, 2012, that the deferral of March 2012 warrants will result in the school district being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certifications specified in this subparagraph.

(D) Notwithstanding Section 16325.5, payments of the March 2012 deferral to the county offices of education, school districts, and charter schools, shall be made no later than April 29, 2012.

(2) For the 2012–13 fiscal year, deferrals for kindergarten to grade 12, inclusive, and repayment of those deferrals, shall be scheduled as follows: One billion two hundred million dollars (\$1,200,000,000) shall be deferred in July 2012. Six hundred million dollars (\$600,000,000) shall be deferred in August 2012. Eight hundred million dollars (\$800,000,000) shall be deferred in October 2012. Seven hundred million dollars (\$700,000,000) of the deferral made in July 2012 shall be paid in September 2012, and one billion nine hundred million dollars (\$1,900,000,000) shall be paid in January 2013 for the remaining deferrals made in July, August, and October 2012. Nine hundred million dollars (\$900,000,000) shall be deferred in March 2013 and paid entirely in April 2013. The State Department of Education shall, no later than five days following the enactment of the act adding this paragraph, inform school districts, county offices of education, and charter schools of the amounts and timing of payment deferrals for the 2012–13 fiscal year. It is the intent of the Legislature that the advance principal apportionment payment due in July be deferred as a part of the July 2012 deferral and that the advance principal apportionment payment due in August be deferred as a part of the August 2012 deferral.

(A) Subject to the approval of the Director of Finance, in order for a county office of education to receive scheduled payments from the Controller if payments are deferred, the Superintendent of Public Instruction shall certify that the deferral of warrants will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Director of Finance of this fact on or before June 1, 2012. Subject to the approval of the Director of Finance, a county office of education that did not receive payments for July 2012, August 2012, and October 2012 may seek a hardship waiver to receive scheduled payments from the Controller if payments are deferred in March 2013. To apply for a hardship waiver, the Superintendent of Public Instruction shall certify that the deferral of March 2013 warrants will result in the county office of education being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Director of Finance on or before January 4, 2013. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certifications specified in this subparagraph.

(B) Subject to the approval of the Director of Finance, in order for a charter school to receive scheduled payments from the Controller if payments are deferred, the chartering authority, in consultation with the county superintendent of schools, shall certify that the deferral of warrants will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Superintendent of Public Instruction and the Director of Finance on or before June 1, 2012. Subject to the approval of the Director of Finance, a charter school that did not receive payments for July 2012, August 2012, and October 2012 may seek a hardship waiver to receive scheduled payments from the Controller if payments are deferred in March 2013. To apply for a hardship waiver, the chartering authority, in consultation with the county superintendent of schools, shall certify that the deferral of March 2013 warrants will result in the charter school being unable to meet its expenditure obligations for the time period during which warrants are deferred, and shall notify the Superintendent of Public Instruction and the Director of Finance on or before January 4, 2013. The criteria, as applicable, set forth in statute and regulations to qualify a school

district for an emergency apportionment shall be used to make the certifications specified in this subparagraph.

(C) Subject to the approval of the Director of Finance, in order for a school district to receive scheduled payments from the Controller if payments are deferred, the county superintendent of schools shall certify to the Superintendent of Public Instruction and the Director of Finance on or before June 1, 2012, that the deferral of warrants will result in the school district being unable to meet its expenditure obligations for the time period during which warrants are deferred. Subject to the approval of the Director of Finance, a school district that did not receive payments for July 2012, August 2012, and October 2012 may seek a hardship waiver to receive scheduled payments from the Controller if payments are deferred in March 2013. To apply for a hardship waiver, the county superintendent of schools shall certify to the Superintendent of Public Instruction and to the Director of Finance on or before January 4, 2013, that the deferral of March 2013 warrants will result in the school district being unable to meet its expenditure obligations for the time period during which warrants are deferred. The criteria, as applicable, set forth in statute and regulations to qualify a school district for an emergency apportionment shall be used to make the certifications specified in this subparagraph.

(D) Notwithstanding Section 16325.5, payments of the March 2013 deferral to the county offices of education, school districts, and charter schools, shall be made no later than April 29, 2013.

(3) Of the amount appropriated from the General Fund to the University of California for the 2010–11, 2011–12, and 2012–13 fiscal years, excluding transfers and rental payments that support lease-revenue bonds, payments made by the state to the University of California shall not exceed one-twelfth of the annual appropriation for each month from July through April. Any remaining appropriation balance may be paid to the University of California thereafter with no limitations.

(4) Notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds for the 2011–12 fiscal year, two hundred million dollars (\$200,000,000) and one hundred million dollars (\$100,000,000) from the payment of apportionments to districts pursuant to Sections 84320, 84321, and 84321.5 of the Education

Code for July and March, respectively, shall be deferred to October and May, respectively. Notwithstanding this paragraph and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Sections 84320, 84321, and 84321.5 of the Education Code that include the full amount of the apportionment payments for the months of July or March, or both, for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before June 1 of the preceding fiscal year, that the deferral of warrants pursuant to this paragraph will present an imminent threat to the fiscal integrity and security of the community college.

(5) For the 2012–13 fiscal year, notwithstanding Sections 84320, 84321, and 84321.5 of the Education Code and any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, from the payment of apportionments to districts pursuant to Sections 84320, 84321, and 84321.5 of the Education Code, the following deferrals shall be made within the same fiscal year: one hundred fifty million dollars (\$150,000,000) from July to December, inclusive, fifty million dollars (\$50,000,000) from September to January, inclusive, and one hundred million dollars (\$100,000,000) from October to January, inclusive. Notwithstanding this paragraph and subject to the approval of the Director of Finance, the Controller shall issue warrants pursuant to Sections 84320, 84321, and 84321.5 of the Education Code that include the full amount of the apportionment payments for the months of July, September, or October, or any combination of those months, for a community college for which the Chancellor of the California Community Colleges determines, in consultation with the Director of Finance, on or before June 1 of the preceding fiscal year, that the deferral of warrants pursuant to this paragraph will present an imminent threat to the fiscal integrity and security of the community college.

(6) Of the amount appropriated from the General Fund to the California State University for the 2010–11, 2011–12, and 2012–13 fiscal years, excluding transfers and rental payments that support lease-revenue bonds, payments made by the state to the California State University shall not exceed one-twelfth of the annual appropriation for each month from July through April. Any

remaining appropriation balance may be paid to the California State University thereafter with no limitations.

(7) The 2010–11, 2011–12, and 2012–13 cash management plans described in Sections 16325 and 16325.5 may include deferrals in state payments for specific programs that are disbursed to cities, counties, and other public entities not addressed elsewhere in this section. Deferral of payments by the state to cities, counties, and other public entities not addressed elsewhere in this section shall be as follows:

(A) Payments shall be deferred as specified in Section 16325.5 per the specific program.

(B) Payments shall be limited to one billion dollars (\$1,000,000,000) for all programs that affect cities, counties, and other public entities not addressed elsewhere in this section at any given point in time.

(C) A maximum of three deferrals per specific program may be made during the fiscal year.

(D) The state shall not defer any payments to a county with a population less than 50,000, or a city within a county with a population less than 50,000.

(E) Payments to local governments may be deferred for social services programs and Mental Health Services Act (Proposition 63) programs.

(8) In addition to implementing the payment schedule described in paragraph (6), the Director of Finance may at any time during the 2010–11, 2011–12, and 2012–13 fiscal years defer payment of General Fund moneys, in a cumulative amount not to exceed two hundred fifty million dollars (\$250,000,000) annually, appropriated to the California State University. Payment of the amount deferred shall be made in the final week of April.

(b) Limits on payment deferrals specified in subparagraphs (A) and (C) of paragraph (7) of subdivision (a) shall not apply to payments to the Mental Health Services Act (Proposition 63) programs.

(c) Upon the Controller's receipt of a letter from the executive officer of the Administrative Office of the Courts, or any other executive officer representing cities or counties, the state may defer payments to the entity or entities that the executive officer represents as specified in the letter even if the specified amounts exceed the deferrals authorized in this section or elsewhere in law.

(d) This section shall become inoperative on September 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6. Section 16428 of the Government Code is amended to read:

16428. Money in the fund may be invested and reinvested in any securities described in Section 16430 or deposited in banks as provided in Chapter 4 (commencing with Section 16500) of this part or deposited in savings and loan associations as provided in Chapter 4.5 (commencing with Section 16600) of this part. The department shall determine the amount of money available for investment or deposit and shall so arrange the investment or deposit program that funds will be available for the immediate payment of any court order or decree. The Treasurer shall invest or make deposits in accordance with these determinations.

All revenues earned from investment or deposit of fund moneys shall be deposited in the fund. After first deducting therefrom the amount payable to the Treasurer for investment services rendered and the amount payable to the department for administrative services rendered, the department shall apportion as of June 30 and December 31 of each year the remainder of such revenues earned and deposited in the fund during the six calendar months ending with such dates. There shall be apportioned and credited to each litigation deposit in the fund during such six-month period, an amount directly proportionate to the total deposits in the fund and the length of time such deposits remained therein. The amounts so apportioned shall be paid to the party receiving the deposit. The cost of administrative services rendered shall be determined by the department in a manner approved by the Department of Finance. The amounts payable to the department and to the Treasurer shall be transferred to the General Fund and accounted as reimbursements to their respective appropriations.

Notwithstanding any other provision of law, the Controller may use money in the fund for cashflow loans to the General Fund as provided in Sections 16310 and 16381.

SEC. 7. (a) Notwithstanding any other law, for the 2011–12 fiscal year, the Superintendent of Public Instruction shall delay the second principal apportionment calculated pursuant to Section

41335 of the Education Code from July 2, 2012, to July 15, 2012, to account for additional local property tax revenues remitted to school districts and county offices of education by county auditor-controllers pursuant to Section 34183 of the Health and Safety Code.

(b) No later than June 10, 2012, each county auditor-controller shall provide the Superintendent of Public Instruction with a report, on forms prescribed by the Superintendent of Public Instruction, detailing the amount of additional property tax received by each school district and county office of education in their respective jurisdictions pursuant to Section 34183 of the Health and Safety Code.

SEC. 8. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 9. The sum of one thousand dollars (\$1,000) is hereby appropriated to the Controller from the General Fund for administrative costs associated with this act.

SEC. 10. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

Approved _____, 2012

Governor